



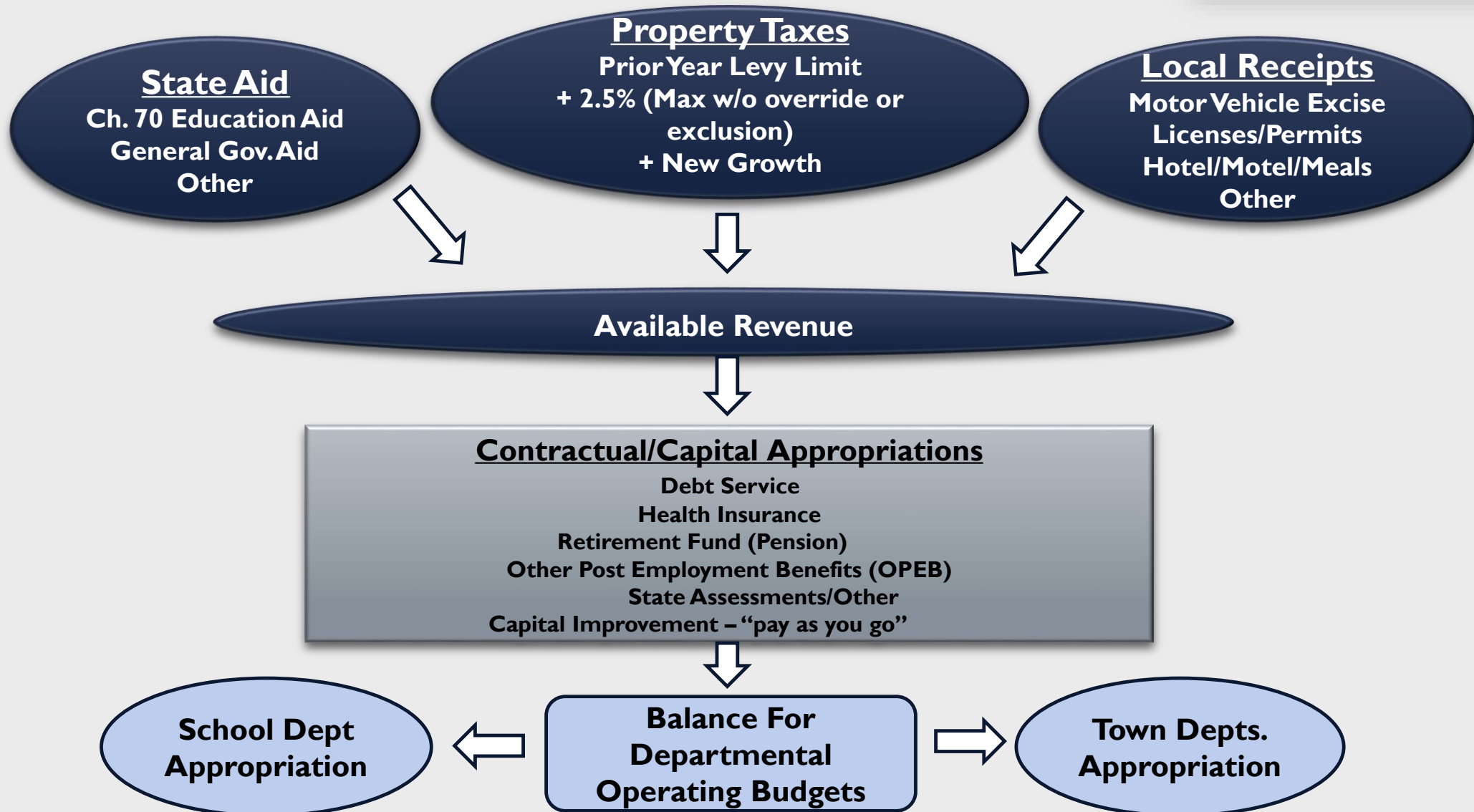
TOWN OF ANDOVER TRI-BOARD

Andrew P. Flanagan, Town Manager

October 4, 2017

TOWN OF ANDOVER BUDGET MODEL

(EXCLUDING WATER/SEWER/OFFSET LOCAL RECEIPTS)



FIVE YEAR FINANCIAL FORECAST



- Based on a series of assumptions and schedules
- Dynamic document
- Tool to establish predictability and identify structural impacts
- Framework to sustain competitive and responsive community services

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TOWN OF ANDOVER
Long Range Projection FY2018-FY2022

	FY 2016 FISCAL	FY 2017	Dollar Change	Percent Change	FY 2018	Dollar Change	Percent Change	FY 2019	Dollar Change	Percent Change	FY 2020	Dollar Change	Percent Change	FY 2021	Dollar Change	Percent Change	FY 2022	Dollar Change	Percent Change
I. REVENUES																			
A. Property Taxes																			
Prior Year Levy	119,197,140	134,999,132	15,801,992	13.25%	130,121,035	5,724,904	4.35%	136,029,879	5,907,844	4.58%	141,499,399	5,469,520	4.00%	147,044,921	5,545,522	3.92%	152,761,917	5,716,996	3.94%
2.12% Increase	2,394,929	3,124,854	729,925	30.48%	2,394,929	143,123	5.98%	2,409,052	144,123	5.83%	2,423,175	144,123	5.68%	2,437,298	144,123	5.53%	2,451,421	144,123	5.38%
New Growth	2,394,929	2,800,000	405,071	17.33%	2,394,929	(500,000)	(20.88%)	2,394,929	0	0.00%	2,394,929	0	0.00%	2,394,929	0	0.00%	2,394,929	0	0.00%
Unleaded Gas/Low Capacity	1,850,711	(974,123)	(1,824,834)	(98.57%)	1,850,711	(974,123)	(98.57%)	1,850,711	(974,123)	(98.57%)	1,850,711	(974,123)	(98.57%)	1,850,711	(974,123)	(98.57%)	1,850,711	(974,123)	(98.57%)
Camp/Coll Service	4,394,489	2,587,424	(1,807,065)	(41.12%)	4,394,489	(430,000)	(9.78%)	4,394,489	(430,000)	(9.78%)	4,394,489	(430,000)	(9.78%)	4,394,489	(430,000)	(9.78%)	4,394,489	(430,000)	(9.78%)
Total Property Taxes	123,986,571	139,244,349	15,257,778	12.31%	132,966,245	6,420,937	4.82%	140,824,681	7,844,762	5.57%	146,328,903	5,534,214	3.93%	151,877,149	5,545,221	3.82%	157,618,067	5,733,918	3.70%
B. State Aid	12,710,343	12,764,888	54,545	0.43%	12,710,343	0	0.00%	12,710,343	0	0.00%	12,710,343	0	0.00%	12,710,343	0	0.00%	12,710,343	0	0.00%
C. Local Revenues	1,540,000	1,537,428	(2,572)	(0.17%)	1,540,000	(440,000)	(28.57%)	1,540,000	(440,000)	(28.57%)	1,540,000	(440,000)	(28.57%)	1,540,000	(440,000)	(28.57%)	1,540,000	(440,000)	(28.57%)
D. Fee Cash for GP & Articles	4,893,000	3,793,000	(1,100,000)	(22.48%)	4,893,000	0	0.00%	4,893,000	0	0.00%	4,893,000	0	0.00%	4,893,000	0	0.00%	4,893,000	0	0.00%
E. Other Revenues - Interest, Cable, Bond Prem	2,000,000	2,121,000	121,000	6.05%	2,000,000	121,000	6.05%	2,000,000	121,000	6.05%	2,000,000	121,000	6.05%	2,000,000	121,000	6.05%	2,000,000	121,000	6.05%
TOTAL REVENUES	140,710,914	168,466,665	27,755,751	19.72%	150,669,588	17,443,343	11.54%	160,669,588	19,844,907	12.35%	166,163,246	5,493,658	3.43%	171,657,492	5,493,243	3.31%	177,151,710	5,493,218	3.19%
II. APPROPRIATIONS - Debt Obligations/Capital																			
A. Capital & Debt Service																			
Non-Camp/Coll Service	5,330,400	5,653,320	322,920	6.06%	5,330,400	0	0.00%	5,330,400	0	0.00%	5,330,400	0	0.00%	5,330,400	0	0.00%	5,330,400	0	0.00%
Camp/Coll Service	5,949,901	4,822,400	(1,127,501)	(19.12%)	4,100,000	(1,849,901)	(45.18%)	2,554,400	(1,545,601)	(60.50%)	1,008,800	(1,546,601)	(153.26%)	0	(1,008,800)	(100.00%)	0	(0.00%)	(0.00%)
Camp/Coll Outlay	2,450,000	2,440,000	(10,000)	(0.41%)	2,450,000	(10,000)	(0.41%)	2,450,000	(10,000)	(0.41%)	2,450,000	(10,000)	(0.41%)	2,450,000	(10,000)	(0.41%)	2,450,000	(10,000)	(0.41%)
Total General Fund Capital	13,729,301	12,915,720	(813,581)	(5.93%)	11,880,400	(1,849,901)	(15.59%)	7,884,400	(4,005,001)	(50.80%)	2,988,800	(4,916,601)	(164.55%)	0	(2,988,800)	(100.00%)	0	(0.00%)	(0.00%)
B. Obligations - Bond Costs																			
Refunding	7,948,015	8,868,835	920,820	11.59%	8,913,240	64,425	0.73%	10,484,885	1,571,645	17.64%	11,056,530	571,645	5.47%	11,628,175	571,645	5.17%	12,200,000	571,825	5.01%
Insurance/Workers Comp	722,853	723,851	998	0.14%	722,853	0	0.00%	722,853	0	0.00%	722,853	0	0.00%	722,853	0	0.00%	722,853	0	0.00%
Unemployment Compensation	180,000	180,000	0	0.00%	180,000	0	0.00%	180,000	0	0.00%	180,000	0	0.00%	180,000	0	0.00%	180,000	0	0.00%
Health Insurance	11,054,416	11,054,416	0	0.00%	11,054,416	0	0.00%	11,054,416	0	0.00%	11,054,416	0	0.00%	11,054,416	0	0.00%	11,054,416	0	0.00%
CRS	800,000	1,121,000	321,000	40.13%	1,376,400	2,555,400	185.85%	1,738,000	3,611,600	208.35%	2,099,600	3,961,600	225.42%	2,461,200	4,361,600	218.45%	2,822,800	4,721,600	217.15%
Total General Fund Obligations	42,134,585	43,962,921	1,828,336	4.34%	42,966,000	831,415	1.93%	47,864,744	4,898,744	11.41%	51,744,985	3,880,241	7.92%	55,625,175	3,880,190	7.51%	59,505,375	3,880,200	7.00%
C. State Assessments	917,123	803,883	(113,240)	(12.35%)	816,572	(100,551)	(12.16%)	715,921	(100,651)	(14.04%)	615,270	(100,651)	(16.16%)	514,619	(100,651)	(16.38%)	414,000	(100,619)	(19.57%)
D. Other Aid - Assistance to Libraries	48,140	45,355	(2,785)	(5.81%)	45,355	0	0.00%	45,355	0	0.00%	45,355	0	0.00%	45,355	0	0.00%	45,355	0	0.00%
E. Technical School Assessments	910,000	910,000	0	0.00%	910,000	0	0.00%	910,000	0	0.00%	910,000	0	0.00%	910,000	0	0.00%	910,000	0	0.00%
F. County Reserve	876,233	818,822	(57,411)	(6.55%)	800,000	(76,822)	(9.57%)	817,372	17,372	2.17%	834,000	16,628	2.00%	850,628	16,628	2.00%	867,256	16,628	2.00%
G. Unleaded Articles - From Taxation	142,260	150,000	7,740	5.44%	153,711	11,511	7.52%	165,162	11,451	7.43%	176,613	11,451	6.93%	188,064	11,451	6.45%	199,515	11,451	6.07%
H. Unleaded Articles - From Fee Cash	4,893,000	3,793,000	(1,100,000)	(22.48%)	4,893,000	0	0.00%	4,893,000	0	0.00%	4,893,000	0	0.00%	4,893,000	0	0.00%	4,893,000	0	0.00%
I. Other - Court Judgments & Defects	25,420	6,165	(19,255)	(75.74%)	15,000	(10,420)	(69.33%)	15,000	(10,420)	(69.33%)	15,000	(10,420)	(69.33%)	15,000	(10,420)	(69.33%)	15,000	(10,420)	(69.33%)
Total Debt Obligations/Capital	47,148,228	48,444,921	1,296,693	2.75%	47,466,228	318,000	0.67%	52,664,744	5,198,516	9.78%	56,644,985	3,980,241	7.56%	60,525,175	3,880,190	6.85%	64,405,375	3,880,200	6.44%
III. APPROPRIATIONS - Town & School Operations																			
Town	27,328,200	28,437,289	1,109,089	4.06%	29,464,417	2,136,127	7.81%	31,590,544	2,126,127	7.21%	33,716,671	2,126,127	6.53%	35,842,800	2,126,127	6.28%	37,968,927	2,126,127	6.03%
School	13,989,991	16,226,000	2,236,009	15.99%	18,500,000	4,513,999	32.33%	22,014,000	3,513,999	19.00%	25,529,000	3,513,999	15.33%	29,044,000	3,513,999	13.75%	32,559,000	3,513,999	12.08%
Total Appropriations for Operations	41,318,191	44,663,289	3,345,098	8.10%	47,964,417	6,367,516	15.36%	53,604,544	5,640,000	10.54%	59,245,671	5,640,000	9.58%	64,886,800	5,640,000	9.52%	70,527,927	5,640,000	8.85%
TOTAL APPROPRIATIONS	88,466,419	93,108,210	4,641,791	5.25%	90,430,625	8,214,625	9.10%	106,269,288	10,884,744	10.20%	115,890,656	9,635,375	9.06%	126,542,000	9,635,325	8.34%	137,683,302	9,635,125	7.66%
IV. BALANCE	10,710,914	16,844,349	6,133,435	57.31%	15,788,963	4,943,618	31.32%	24,784,343	8,995,380	36.31%	33,778,261	8,993,918	35.73%	42,772,177	8,991,912	26.64%	51,766,087	8,989,912	21.01%

REVENUE ASSUMPTIONS



REVENUE ASSUMPTIONS



Revenue Model 1

- Property Taxes
 - 2.5% Levy Increase
 - New Growth – 5 Year Average (\$2,193,493)
 - \$300K Excess Levy Capacity (Per BoS Vote)
- State Aid
 - 1% Annual Increase – Chapter 70 & Unrestricted General Government Aid (\$+118,519)
- Local Receipts
 - 5 Year Average (\$12,250,042)

Revenue Model 2

- Property Taxes
 - 2.5% Levy Increase
 - New Growth – 3 Year Average (\$2,350,527)
 - \$300K Excess Levy Capacity (Per BoS Vote)
- State Aid
 - 2% Annual Increase – Chapter 70 & Unrestricted General Government Aid (+237,038)
- Local Receipts
 - 5 Year Average (\$12,250,042)

FY19 TAX LEVY BREAKDOWN - MODEL 1



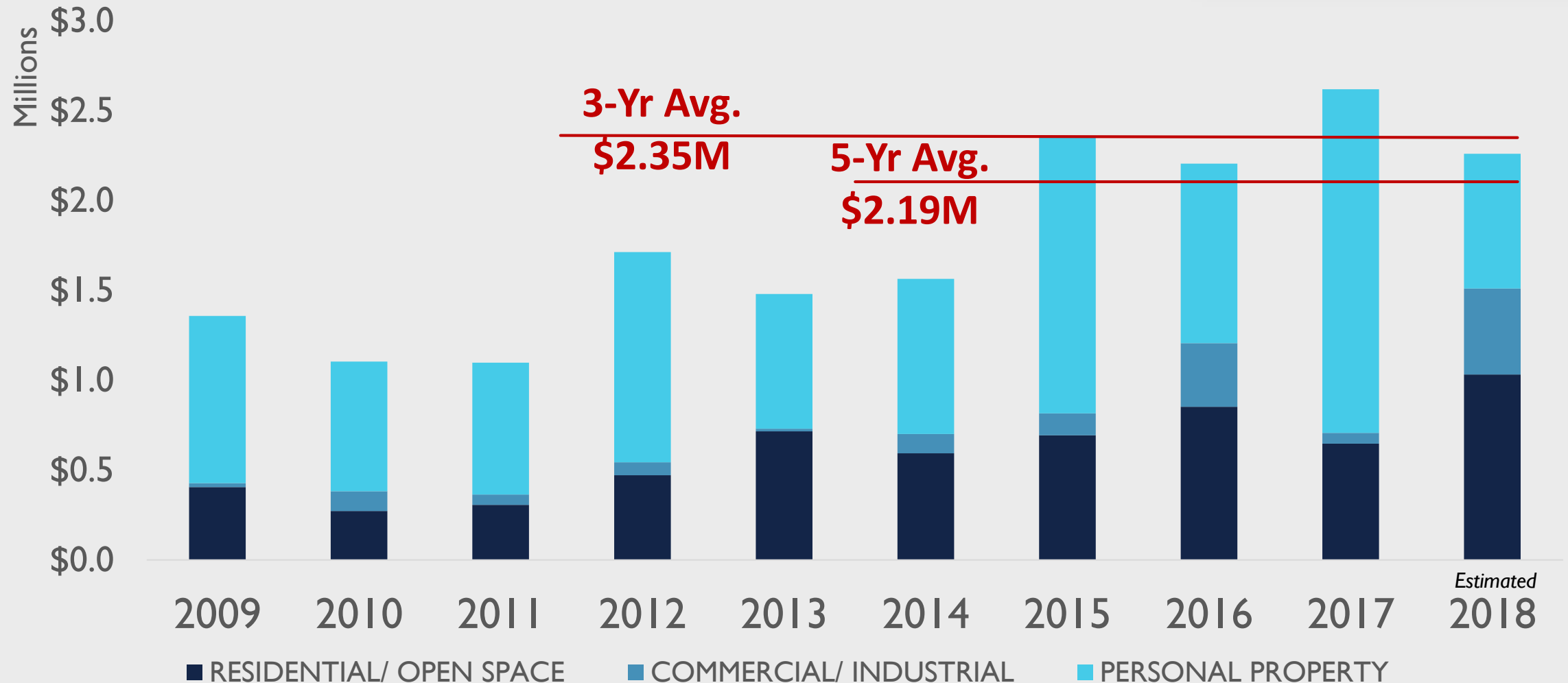
	FY2018	FY2019		FY18-FY19	FY18-FY19
<u>TAX REVENUE</u>	<u>Projections</u>	<u>Projections</u>		<u>\$ Change</u>	<u>% Change</u>
Prior Year Levy Limit	\$130,709,371	\$136,236,287		\$5,526,916	4.23%
Annual 2.5% Increase	\$3,267,734	\$3,405,907		\$138,173	4.23%
New Growth	\$2,259,181	\$2,193,493		(\$65,688)	-2.91%
Unused Levy Capacity	(449,856)	(300,000)		\$149,856	-33.31%
Total Tax Levy	\$135,786,430	\$141,535,687		\$5,749,257	4.23%
Addtl. Taxes - Debt Exclusion	\$4,040,851	\$3,902,893		\$137,958	3.41%

FY19 TAX LEVY BREAKDOWN - MODEL 2

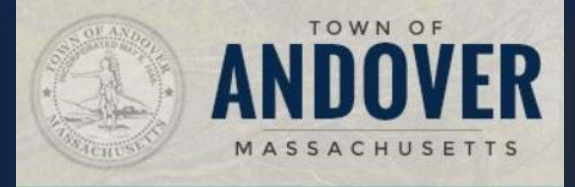


	FY2018	FY2019		FY18-FY19	FY18-FY19
<u>TAX REVENUE</u>	<u>Projections</u>	<u>Projections</u>		<u>\$ Change</u>	<u>% Change</u>
Prior Year Levy Limit	\$130,709,371	\$136,236,287		\$5,526,916	4.23%
Annual 2.5% Increase	\$3,267,734	\$3,405,907		\$138,173	4.23%
New Growth	\$2,259,181	\$2,350,527		(\$65,688)	-2.91%
Unused Levy Capacity	(449,856)	(300,000)		\$149,856	-33.31%
Total Tax Levy	\$135,786,430	\$141,692,721		\$5,749,257	4.23%
Model 1 vs. Model 2 (+/-)		+ \$157,034			
Addtl. Taxes - Debt Exclusion	\$4,040,851	\$3,902,893		\$137,958	3.41%

NEW GROWTH HISTORY



REVENUE ASSUMPTIONS



Revenue Model 1

	FY2018	FY2019	FY18-FY19	FY18-FY19
	<u>Projections</u>	<u>Projections</u>	<u>\$ Change</u>	<u>% Change</u>
Tax Levy	\$135,786,430	\$141,535,687	\$5,749,257	4.06%
State Aid	\$12,207,377	\$12,325,896	\$118,519	.97%
Local Receipts	\$11,492,300	\$12,250,042	\$757,742	6.59%
Total	\$159,486,107	\$166,111,625	\$6,625,518	3.98%

Revenue Model 2

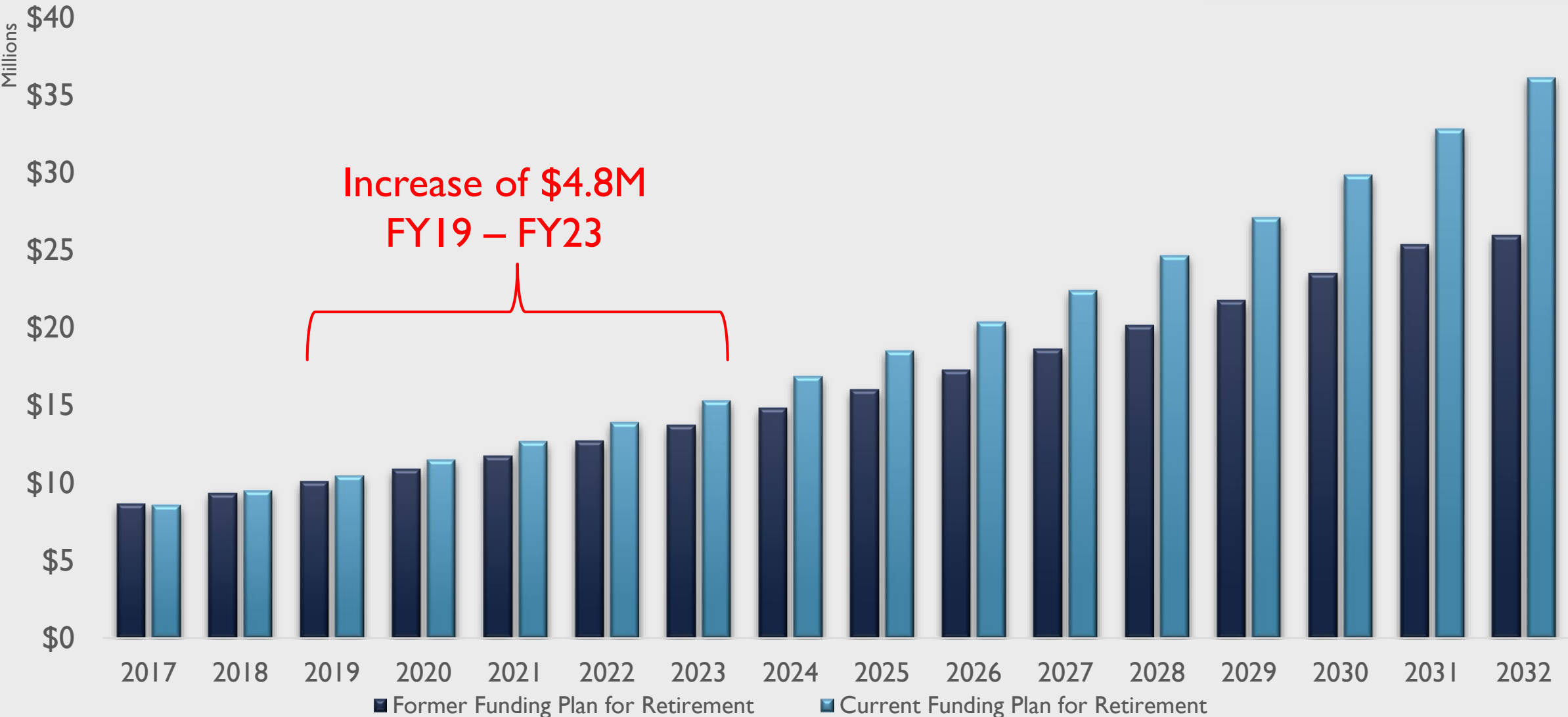
	FY2018	FY2019	FY18-FY19	FY18-FY19
	<u>Projections</u>	<u>Projections</u>	<u>\$ Change</u>	<u>% Change</u>
Tax Levy	\$135,786,430	\$141,692,721	\$5,906,291	4.17%
State Aid	\$12,207,377	\$12,444,415	\$237,038	.97%
Local Receipts	\$11,492,300	\$12,250,042	\$757,742	6.59%
Total	\$159,486,107	\$166,387,178	\$6,901,070	4.15%
Model 1 vs. Model 2 (+/-)	-	+\$275,553	+\$275,553	+0.17%

APPROPRIATIONS – OBLIGATIONS

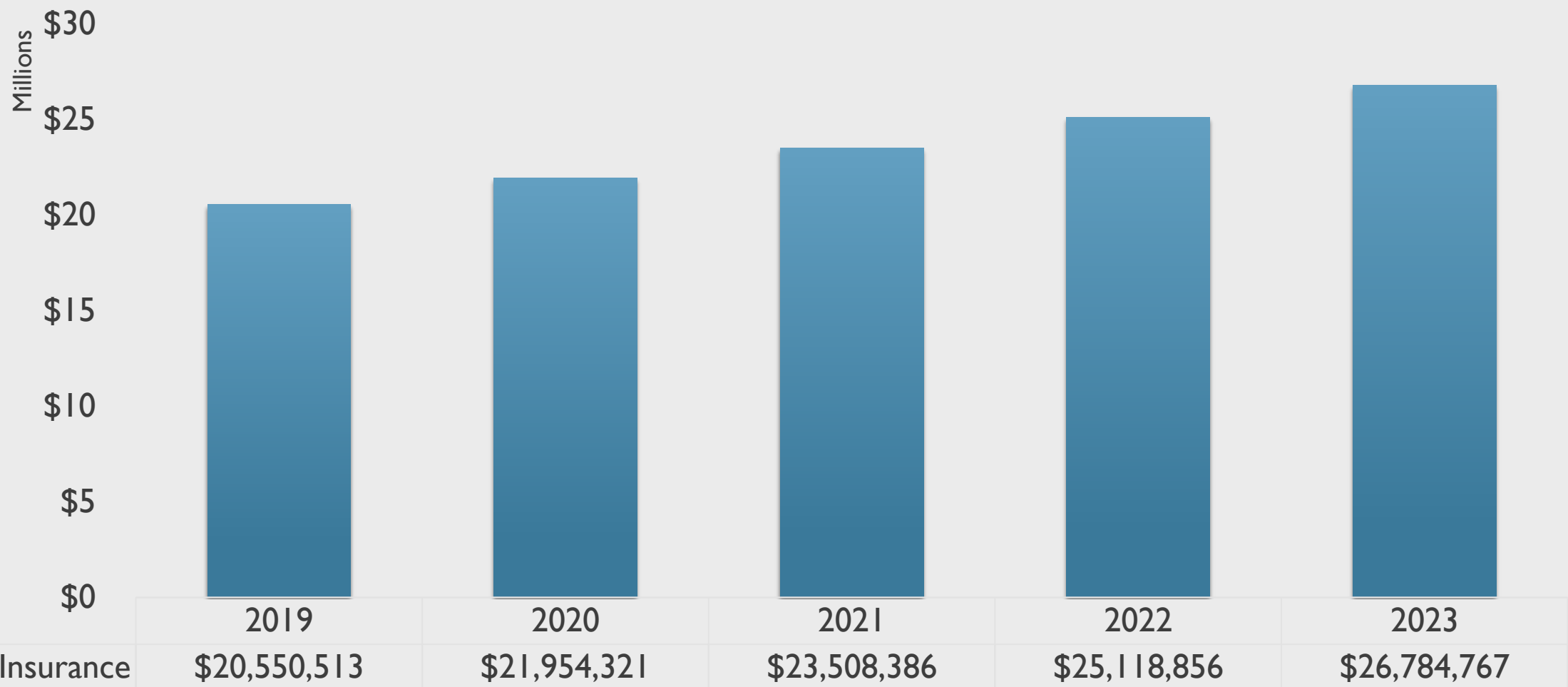
- RETIREMENT
- HEALTH INSURANCE
- OTHER POST EMPLOYMENT BENEFITS (OPEB)



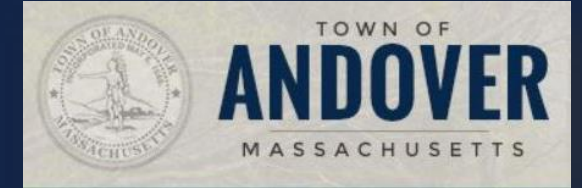
FORMER VS. CURRENT RETIREMENT FUNDING SCHEDULE (10% ANNUAL INCREASE THROUGH 2032)



HEALTH INSURANCE

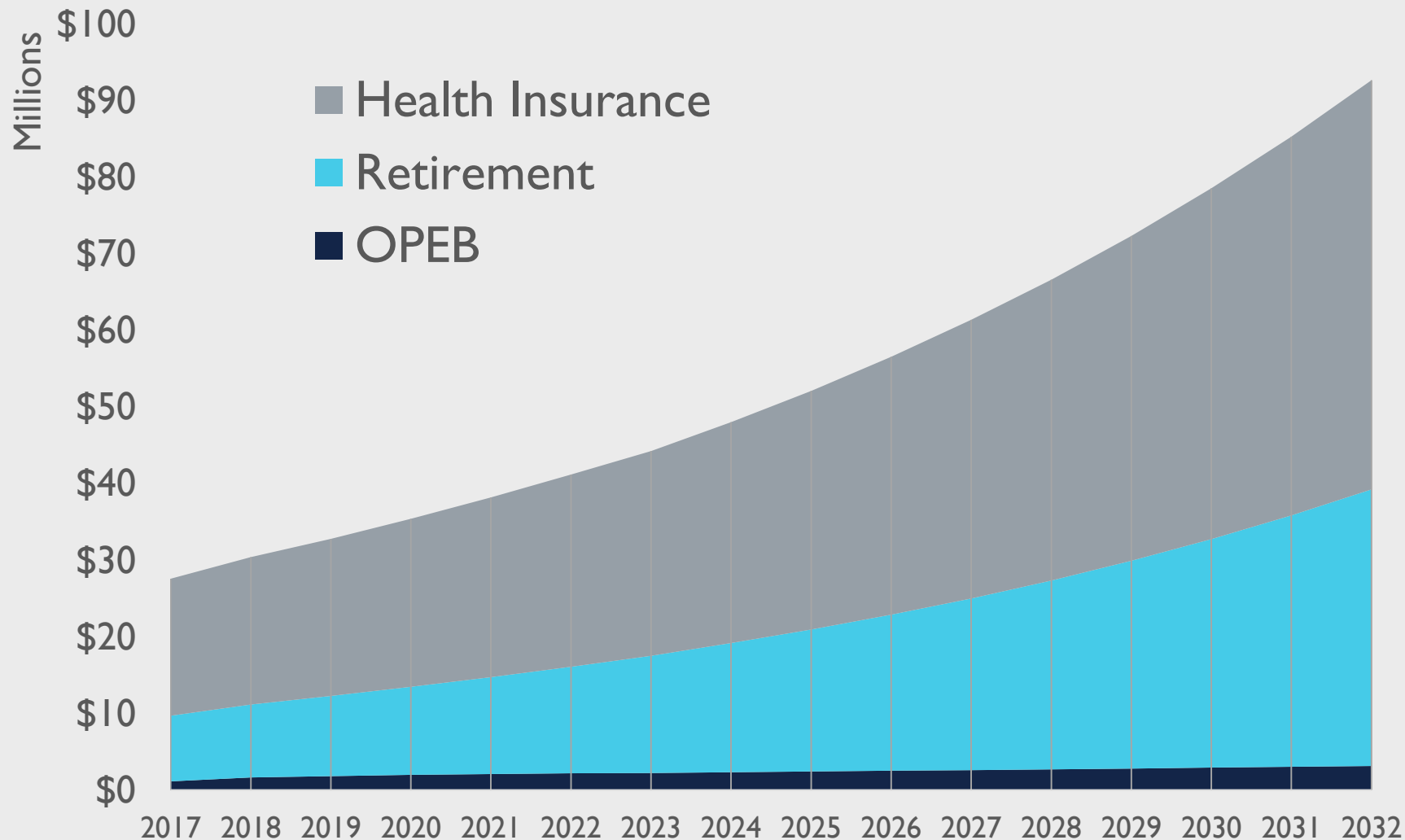
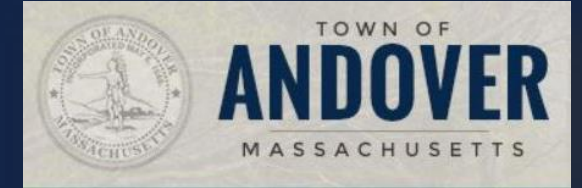


OTHER POST EMPLOYMENT BENEFITS (OPEB)



	General Fund OPEB Appropriation	Savings from OPEB Reform	Total OPEB Appropriation
FY 2018	\$943,513	\$632,938	\$1,576,451
FY 2019	\$967,100	\$769,703	\$1,736,803
FY 2020	\$991,278	\$906,194	\$1,897,472
FY 2021	\$1,016,060	\$951,504	\$1,967,563
FY 2022	\$1,041,461	\$999,079	\$2,040,540
FY 2023	\$1,067,498	\$1,049,033	\$2,116,531
FY 2024	\$1,094,185	\$1,101,484	\$2,195,670
FY 2025	\$1,121,540	\$1,156,559	\$2,278,099
FY 2026	\$1,149,578	\$1,214,387	\$2,363,965
FY 2027	\$1,178,318	\$1,275,106	\$2,453,424

PROJECTED OBLIGATIONS TO 2032



Obligations as Percentage of Budget	
FY 2017	16.93%
FY 2018	17.91%
FY 2019	18.57%
FY 2020	19.19%
FY 2021	19.92%
FY 2022	20.68%

APPROPRIATIONS – CAPITAL & DEBT

- CAPITAL CAPACITY
- NON – EXEMPT DEBT
- EXEMPT DEBT

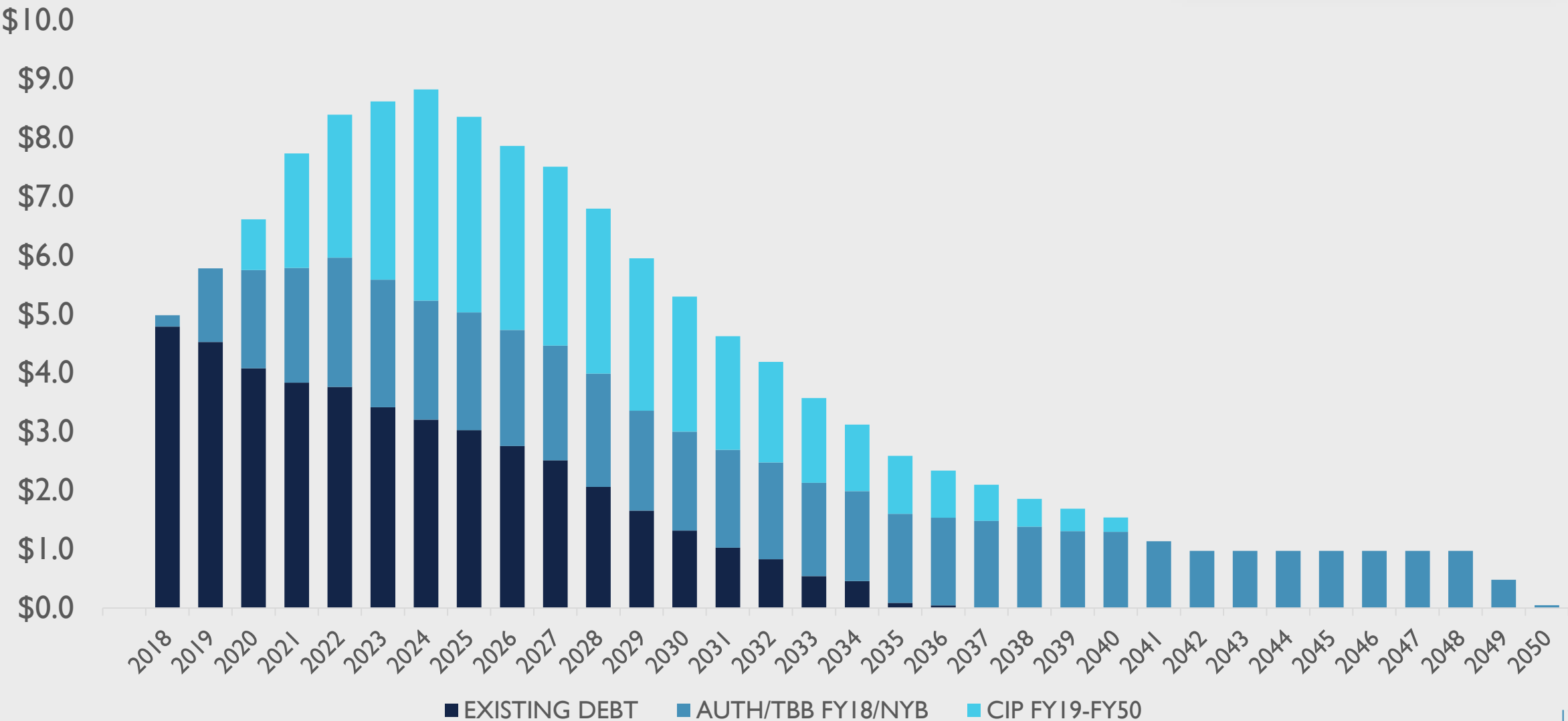


NON-EXEMPT CAPITAL AS % OF ADJUSTED BUDGET

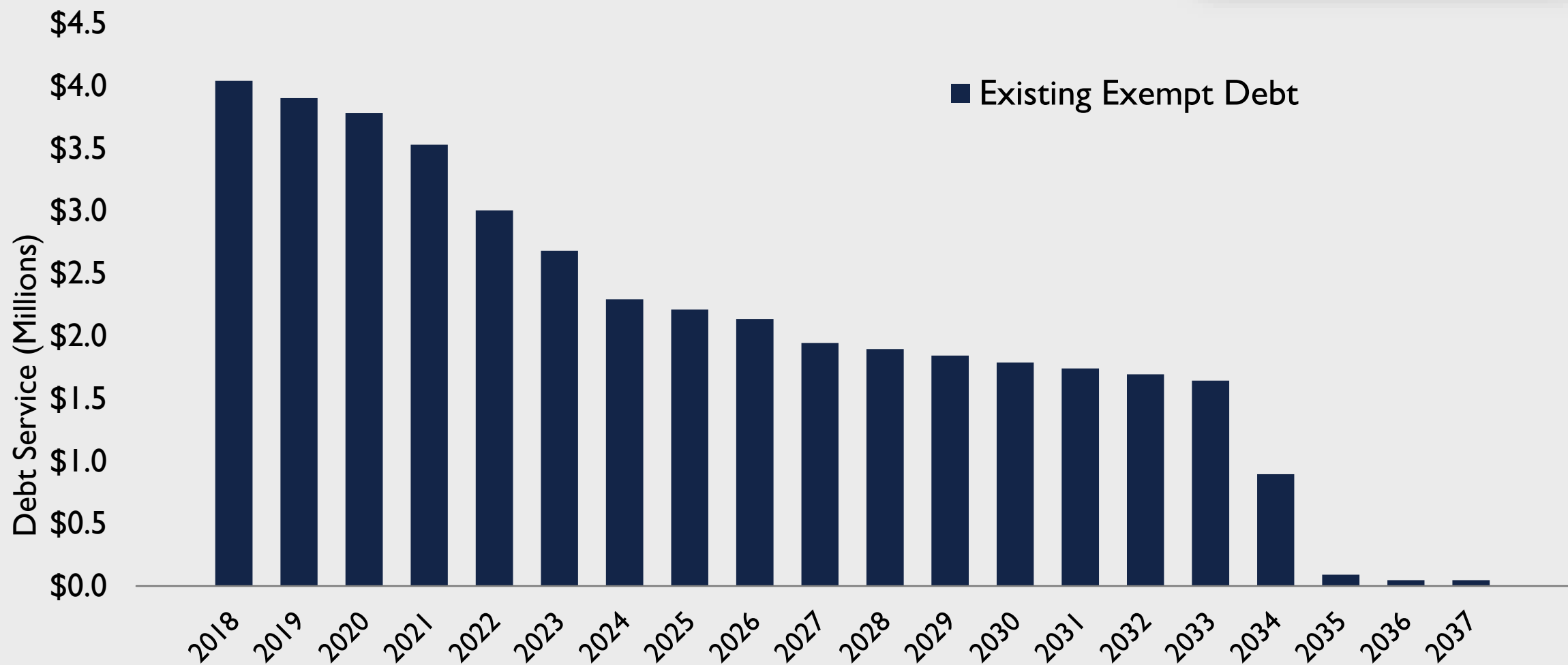


		FY18	FY19	FY20	FY21	FY22
Total Revenue		180,645,548	186,416,440	192,680,154	198,389,323	204,155,724
Less: Exempt Debt		(4,036,464)	(3,906,286)	(3,786,129)	(3,533,000)	(3,009,557)
Less: Water/Sewer Enterprise		(13,594,804)	(14,293,938)	(14,679,967)	(15,210,353)	(15,590,612)
Less: Water/Sewer Reserves & Articles		(703,000)	(663,000)	(1,015,000)	(750,000)	(750,000)
Less: Water/Sewer Reserves Operating		(506,634)	(211,583)	(161,507)	(73,654)	(75,495)
Adjusted Revenue Budget		161,804,646	167,341,633	173,037,551	178,822,316	184,730,060
Capital Projects from Taxation		3,257,000	2,862,000	2,800,000	2,750,000	2,900,000
Non-Exempt Debt		<u>6,011,318</u>	<u>6,707,679</u>	<u>7,103,933</u>	<u>7,532,571</u>	<u>7,665,564</u>
Total Non-Exempt Capital Outlay		9,268,318	9,569,679	9,903,933	10,282,571	10,565,564
		5.73%	5.72%	5.72%	5.75%	5.72%

GEN. FUND (NON-EXEMPT) DEBT SERVICE



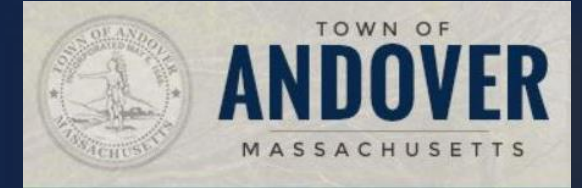
GEN. FUND (EXEMPT) DEBT SERVICE



TOWN & SCHOOL OPERATIONS



TOWN AND SCHOOL OPERATIONS REVENUE MODEL 1



	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
School Operations (3.5% Annual Increase)	\$82,113,972	\$84,987,961	\$87,962,540	\$91,041,229	94,227,672
Town Operations (2.75% Annual Increase)	\$40,721,986	\$41,841,841	\$42,992,491	\$44,174,785	\$45,389,591
Total	\$122,835,958	\$126,829,802	\$130,955,031	\$135,216,013	\$139,617,263

TOWN AND SCHOOL OPERATIONS REVENUE MODEL 2

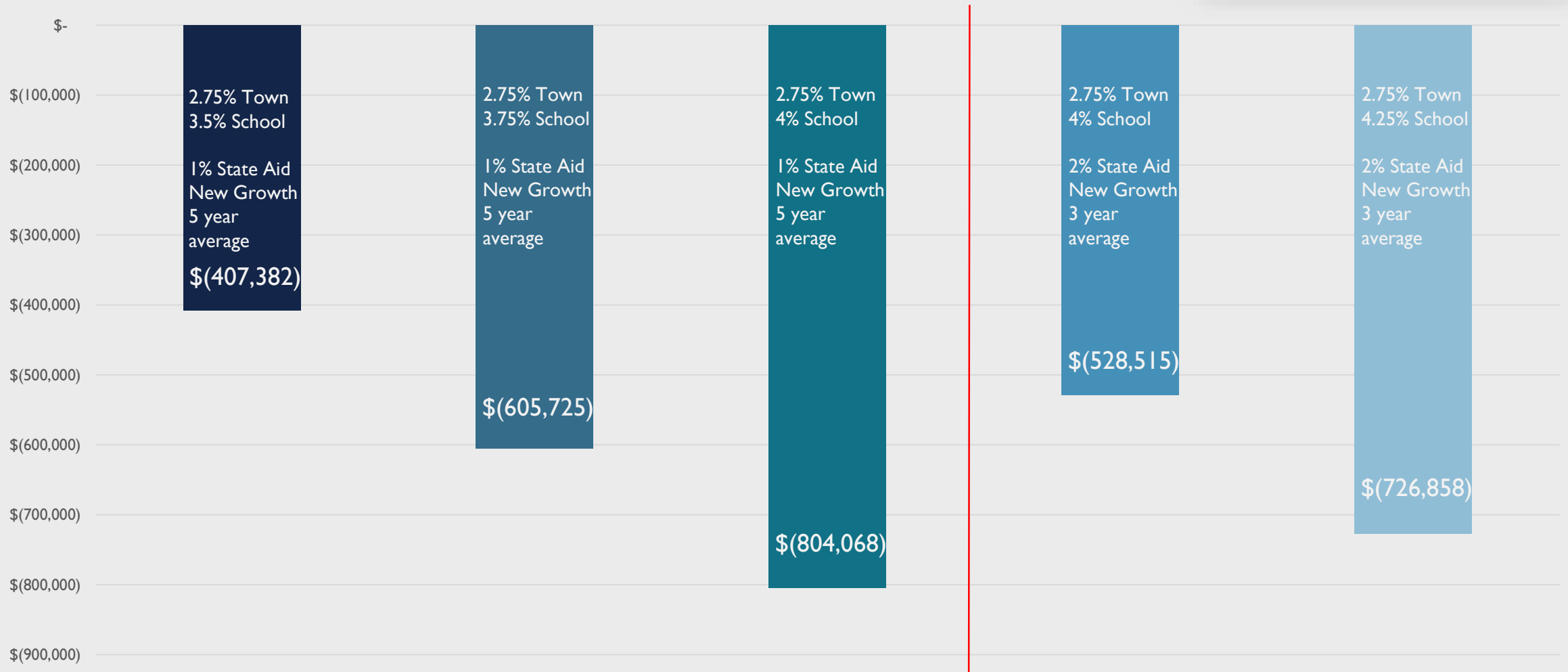
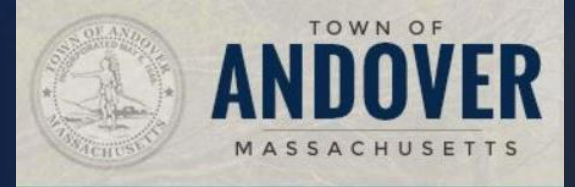


	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
School Operations (4% Annual Increase)	\$82,510,658	\$85,811,084	\$89,243,528	\$92,813,269	\$96,525,799
Town Operations (2.75% Annual Increase)	\$40,721,986	\$41,841,841	\$42,992,491	\$44,174,785	\$45,389,591
Model 1 vs. Model 2 (+/-)	+\$396,686	+\$823,123	+\$1,280,988	+\$1,772,040	+\$2,298,128
Total	\$123,232,645	\$127,652,925	\$132,236,019	\$136,988,053	\$141,915,391

STRUCTURAL IMPACTS



FY19 DEFICITS BASED ON PROJECTION MODELS



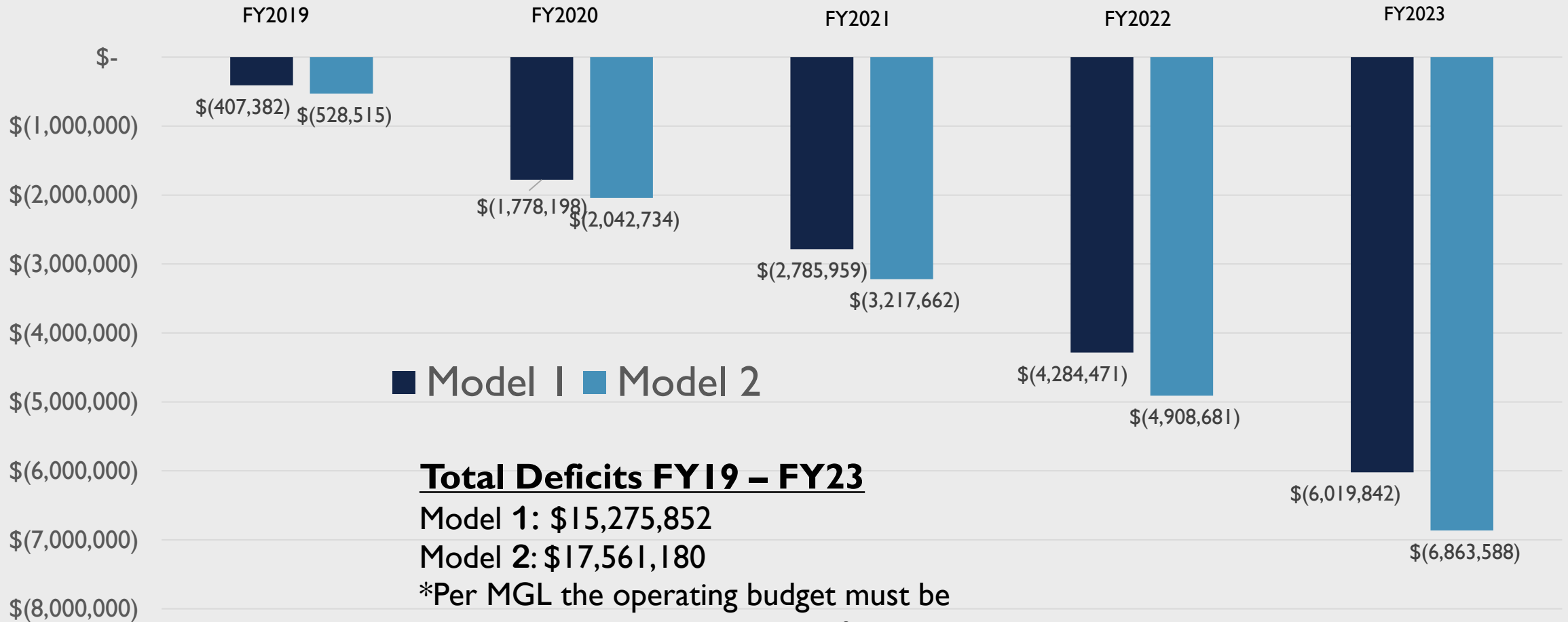
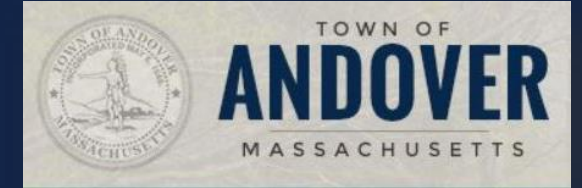
Revenue Model 1

Revenue Model 2

DEFICITS BASED ON MODELS 1 & 2



DEFICITS FY19 – FY23 BASED ON MODELS 1 & 2



Total Deficits FY19 – FY23

Model 1: \$15,275,852

Model 2: \$17,561,180

*Per MGL the operating budget must be balanced annually, cumulative deficits are shown for illustrative purposes only

ECONOMIC DEVELOPMENT UPDATE



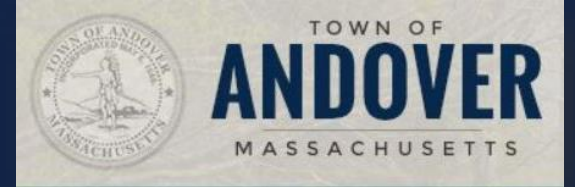
PFIZER- 175,000 SF ADDITION



Future View of Andover Campus



RIVERSIDE WOODS



Under Construction

**Riverside Woods at
Andover
by Pulte Homes**

**459 River Road
14 Single Family Homes
186 Condominiums**

**Independent Living
Age 62 +**

BRIDGES AT ANDOVER



Under Construction
Bridges at Andover
254 Lowell Street
63 Units of Memory Care
Assisted Living

CAPITAL SENIOR HOUSING

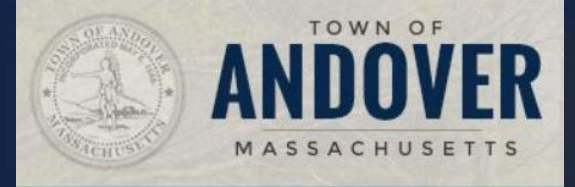


TOWN OF
ANDOVER
MASSACHUSETTS



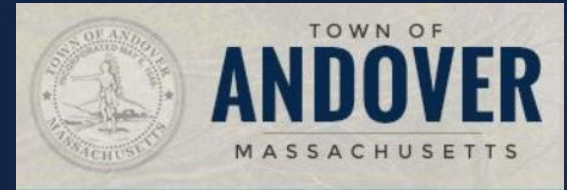
Capital Senior Housing – 139-143 Elm Street and 26 Pine Street
96 units of Assisted Living
Special Permit for Elderly Housing

THE LODGE AT ANDOVER – UNDER CONSTRUCTION



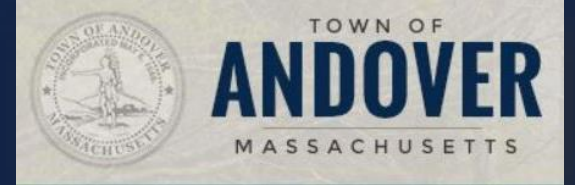
248 Units – off River Road

27 MAIN STREET – APPROVED BY PLANNING BOARD 9/26



- 40,000sf renovation
 - 30,000sf Retail/Commercial
 - 10,000sf Residential (12 Units)

MUNICIPAL SERVICES FACILITY



Municipal Services Facility - 5 Campanelli Drive

The proposed Municipal Services Facility is a roughly 56,500 square foot (sf) pre-engineered metal building (including open canopy) consisting of office & office support areas, general workshop spaces, vehicle maintenance bays, vehicle & equipment washing areas, and a garage.

OTHER NOTABLE DEVELOPMENT ACTIVITY



- **Raytheon:** Under construction a 39,000sf addition to campus that will expand manufacturing and testing operations
- **Phillips Academy:** Under construction of a new 101,500 square foot field house that will replace the use of The Smith Center.
- **321 Lowell Street:** Andover Medical Center – Phase II opened for business in June 2017
 - Under construction a two story parking deck and a commercial amenity of an 1800sf restaurant
- **Merrimack College:** Expansion of the Merrimack College Campus continues in Andover, with three new academic buildings currently under construction.
- **Oak and Iron Brewing Co.:** – Opened for business Spring 2017
- **Primrose School:** Opened for business in the fall of 2016, the Primrose School will expand child care offerings in the community. The school will accommodate up to 190 children and create 25 new jobs.

QUESTIONS

